



Louisiana Association of Nonprofit Organizations

Financial Statements

December 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/09/05

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2004

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A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Louisiana Association of Nonprofit Organizations, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of Louisiana Association of Nonprofit Organizations, Inc. as of December 31, 2004 and 2003, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Association of Nonprofit Organizations, Inc. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 11, 2005, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Postlethwaite : Netterville

Baton Rouge, Louisiana
July 11, 2005



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Louisiana Association of Nonprofit Organizations, Inc.
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Louisiana Association of Nonprofit Organizations, Inc. (the Organization), as of and for the year ended December 31, 2004, and have issued our report thereon dated July 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. This instance is described in the accompanying schedule of findings and questioned costs as item B-1.

This report is intended solely for the information of the Board of Directors and management of the Louisiana Association of Nonprofit Organizations, Inc. and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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Baton Rouge, Louisiana

July 11, 2005

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 276,365	\$ 99,219
Accounts receivable	47,614	25,188
Prepaid expenses	11,431	8,399
Furniture and equipment, net	8,104	12,693
Total assets	<u>\$ 343,514</u>	<u>\$ 145,499</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 25,501	\$ 21,968
Payroll related liabilities	12,982	5,417
Other accrued liabilities	4,355	240
Deferred membership revenue	83,488	40,224
Total liabilities	<u>126,326</u>	<u>67,849</u>

NET ASSETS

Unrestricted	146,720	26,796
Temporarily restricted	70,468	50,854
Total net assets	<u>217,188</u>	<u>77,650</u>

Total liabilities and net assets	<u>\$ 343,514</u>	<u>\$ 145,499</u>
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The accompanying notes are an integral part of these statements.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES</u>			
Membership dues	\$ 139,081	\$ -	\$ 139,081
Publications	22,309	-	22,309
Sponsorships	57,900	-	57,900
Grant income	70,000	671,302	741,302
Program income	115,640	-	115,640
Contract and other	190,787	-	190,787
In kind contributions	37,130	-	37,130
Contributions	-	13,330	13,330
Total revenues	<u>632,847</u>	<u>684,632</u>	<u>1,317,479</u>
Net assets released from restrictions	665,018	(665,018)	-
Total revenues and other support	<u>1,297,865</u>	<u>19,614</u>	<u>1,317,479</u>
<u>EXPENSES</u>			
Program services	1,040,967	-	1,040,967
Support services	124,637	-	124,637
Grant solicitation	12,337	-	12,337
	<u>1,177,941</u>	<u>-</u>	<u>1,177,941</u>
CHANGE IN NET ASSETS	119,924	19,614	139,538
NET ASSETS - BEGINNING OF PERIOD	<u>26,796</u>	<u>50,854</u>	<u>77,650</u>
NET ASSETS - END OF PERIOD	<u><u>\$ 146,720</u></u>	<u><u>\$ 70,468</u></u>	<u><u>\$ 217,188</u></u>

The accompanying notes are an integral part of these statements.

2003

Unrestricted	Temporarily Restricted	Total
\$ 114,409	\$ -	\$ 114,409
18,522	-	18,522
36,330	1,670	38,000
40,000	239,330	279,330
90,305	-	90,305
55,222	-	55,222
25,625	-	25,625
-	-	-
380,413	241,000	621,413
235,024	(235,024)	-
615,437	5,976	621,413
541,157	-	541,157
85,587	-	85,587
11,500	-	11,500
638,244	-	638,244
(22,807)	5,976	(16,831)
49,603	44,878	94,481
\$ 26,796	\$ 50,854	\$ 77,650

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004			
	Program Services	Support Services	Grant Solicitation	Total
Annual conference	\$ 94,957	\$ -	\$ -	\$ 94,957
Consulting	96,015	9,117	3,000	108,132
Contributions	2,850	-	-	2,850
Depreciation	-	7,050	-	7,050
Dues and subscriptions	2,092	3,157	-	5,249
Sub-awards and subcontracts	261,420	-	-	261,420
Lobbying	-	21,000	-	21,000
Other	122,508	31,935	-	154,443
Payroll taxes and benefits	48,036	2,582	462	51,080
Postage and delivery	9,144	1,131	275	10,550
Printing, reproduction, and publications	61,236	3,767	500	65,503
Rent	18,358	7,576	800	26,734
Salaries	314,601	32,583	7,000	354,184
Telephone	9,750	4,739	300	14,789
Total expenses	<u>\$ 1,040,967</u>	<u>\$ 124,637</u>	<u>\$ 12,337</u>	<u>\$ 1,177,941</u>

The accompanying notes are an integral part of these statements.

2003

Program Services	Support Services	Grant Solicitation	Total
\$ 81,969	\$ -	\$ -	\$ 81,969
88,528	15,144	5,000	108,672
5,570	-	-	5,570
-	5,698	-	5,698
3,133	1,481	-	4,614
11,424	-	-	11,424
-	18,000	-	18,000
59,662	9,894	-	69,556
30,859	2,850	300	34,009
5,521	1,233	150	6,904
33,639	3,701	500	37,840
10,032	4,731	800	15,563
203,285	17,725	4,500	225,510
7,535	5,130	250	12,915
<u>\$ 541,157</u>	<u>\$ 85,587</u>	<u>\$ 11,500</u>	<u>\$ 638,244</u>

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 139,538	\$ (16,831)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,050	5,698
Increase in accounts receivable	(22,426)	(25,188)
Increase in prepaid expenses	(3,032)	(8,399)
Increase (decrease) in deferred membership revenue	43,264	(5,469)
Increase (decrease) in accounts payable	3,533	(1,583)
Increase in payroll related liabilities	7,565	877
Increase in other accrued liabilities	4,115	240
Net cash provided by (used in) operating activities	<u>179,607</u>	<u>(50,655)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of furniture and equipment	<u>(2,461)</u>	<u>(7,114)</u>
Net cash used in investing activities	<u>(2,461)</u>	<u>(7,114)</u>
 Net increase (decrease) in cash and cash equivalents	177,146	(57,769)
 Cash and cash equivalents - beginning of period	<u>99,219</u>	<u>156,988</u>
 Cash and cash equivalents - end of period	<u>\$ 276,365</u>	<u>\$ 99,219</u>

The accompanying notes are an integral part of these statements.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of significant accounting policies**

Nature of activities

Louisiana Association of Nonprofit Organizations, Inc. (the Organization) was created in 1997 as a division of the Foundation for a Better Louisiana to provide essential services to other nonprofit organizations in an effort to help strengthen the nonprofit sector in Louisiana. On May 7, 1999, Louisiana Association of Nonprofit Organizations, Inc. was incorporated and became an independent entity.

The Organization's mission is to strengthen, promote, and build the capacity of Louisiana's nonprofit sector through education, advocacy, and member services. The organization accomplishes its mission through the following programs:

- technical assistance through publications, training, and technology such as the LANO web-site;
- Louisiana Standards for Excellence - ethics and accountability code;
- regional and statewide educational meetings on topics of importance to nonprofit organizations, including funding, public policy, and management related issues;
- Public Policy Initiative - training on public policy issues and advocacy;
- Louisiana Philanthropy Initiative - promotion of philanthropy through conventions, publications, and training;
- manuals and publications on management, training, and advocacy;
- periodic newsletters and other publications; and
- building the capacity of community and faith-based groups.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Cash and cash equivalents

For purposes of reporting cash flows, cash includes cash in checking accounts, money market accounts, and highly liquid investments with original maturities of three months or less.

Accounts receivable

As of December 31, 2004 and 2003, all accounts receivable were considered collectible; therefore, no allowance for uncollectible accounts has been established. Accounts are considered past due based on their contractual terms. Receivables are monitored by management during the year, and all accounts considered to be uncollectible are written off.

Furniture and equipment

Furniture and equipment are recorded at cost with depreciation recorded using the straight-line method over the estimated useful lives of the assets (three to five years). Maintenance and repairs are charged to expense, while additions and improvements are capitalized. Donated property is recorded at its estimated fair value on the date of receipt, which is then treated as cost.

When assets are retired or disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gains and losses are recognized in the Organization's yearly operations.

Contributed services

The Organization recognizes revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation.

Temporarily and permanently restricted net assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors or grantors to a specific time, period, or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. The Organization does not have any permanently restricted net assets.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Contributions

The Organization accounts for contributions in accordance with the requirements of the Financial Accounting Standards Board in Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grant reimbursements

The Organization recognizes revenues and receivables on reimbursable grants to the extent that expenses have been incurred.

Deferred membership revenue

Membership dues, which are based on twelve month memberships, that are paid prior to December 31st for subsequent periods are recorded as deferred revenue at December 31st.

Income taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes is necessary.

Allocated expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs, supporting services, and grant solicitation based on records and estimates made by the Organization's management.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year presentation.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

2. **Furniture and equipment**

Furniture and equipment consisted of the following at December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Furniture and equipment	\$ 37,004	\$ 34,543
Less: accumulated depreciation	<u>(28,900)</u>	<u>(21,850)</u>
	<u>\$ 8,104</u>	<u>\$ 12,693</u>

For the years ended December 31, 2004 and 2003, total depreciation expense was \$7,050 and \$5,698, respectively.

3. **Temporarily restricted net assets**

Temporarily restricted net assets at December 31, 2004, were available for the following purposes:

Huey and Angelina Wilson Foundation grant for the purpose of Standards of Excellence training	\$ 10,468
Community Foundation of Shreveport-Bossier for purpose of initiating activities in the area	15,000
Department of Economic Development for the purpose of strengthening the capacity of nonprofit organizations	<u>45,000</u>
	<u>\$ 70,468</u>

Temporarily restricted net assets at December 31, 2003, were available for the following purposes:

GPOA Foundation grant for the LANO Standards of Excellence Training for GPOA members	\$ 8,330
Pennington Foundation grant for the Standards of Excellence training	25,000
Independent Sector-White Paper Policy grant for the purpose of philanthropy events	3,000
Baton Rouge Area Foundation grant for the purpose of Standards of Excellence training	<u>14,524</u>
	<u>\$ 50,854</u>

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

4. Leases

Since inception, the Organization has entered into various lease agreements for office space. The current lease agreement is on a month-to-month basis and required monthly payments of \$2,138 and \$1,354, for the years ended December 31, 2004 and 2003, respectively. Rent expense totaled \$26,734 and \$15,563 during the years ended December 31, 2004 and 2003, respectively.

5. Retirement plans

The Organization sponsors a defined contribution retirement program for which it contributes 5% of the pay of all eligible employees. The program is available to all regular employees working 40 hours per week or more with at least one year of service. Eligible employees become 100% vested in their retirement plan when they reach two years of service with the Organization. Total contributions to this plan by the Organization totaled approximately \$9,730 and \$6,850 during the years end December 31, 2004 and 2003, respectively.

For employees who can demonstrate that they have health benefits comparable to those provided by the Organization from another source, the per employee per month health insurance allocation provided by the Organization may be used to purchase additional retirement benefits. The total benefit provided by the Organization for this plan for the years ended December 31, 2004 and 2003 was \$2,400 and \$5,940, respectively.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

6. Net assets released from restrictions

Net assets were released from donor restrictions by incurring program-related expenses satisfying the restricted purposes during the year ended December 31, 2004, as follows:

German Protestant Orphan Asylum Association Foundation (GPOA) Grant for the purpose of Standards of Excellence training for GPOA members	\$ 18,330
Baton Rouge Area Foundation Grant for the purpose of the Standards of Excellence training	22,524
Department of Education contract for the Standards of Excellence training	36,000
Office of Community Service for the Compassion Capital Fund Demonstration Program	427,052
Wilson grant for the Standards of Excellence	4,782
New Ventures grant for support of the Louisiana Philanthropy Initiative	100,000
Pennington Foundation grant for the Standards of Excellence training	40,000
Independent Sector - White Paper Public Policy grant for the purpose of philanthropy events	3,000
Other	<u>13,330</u>
	<u>\$ 665,018</u>

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

6. Net assets released from restrictions (continued)

Net assets were released from donor restrictions by incurring program-related expenses satisfying the restricted purposes during the year ended December 31, 2003, as follows:

Mary Reynolds Babcock Foundation grant for the organization of development activities	\$ 10,000
Foundation for the Mid South grant for the purpose of providing scholarships	1,572
Building Capacity for Public Policy Project grant for the purpose of training on public policy	10,920
German Protestant Orphan Asylum Association Foundation (GPOA) grant for the purpose of Standards of Excellence training for GPOA members	7,070
Maryland Association of Nonprofit Organizations grant for the development of LANO Standards of Excellence	26,986
Baton Rouge Area Foundation Grant for the purpose of the Standards of Excellence training	25,476
Department of Education contract for the Standards for Excellence training	12,000
Office of Community Service for the Compassion Capital Fund Demonstration Program	24,000
Wilson grant for the Standards of Excellence	10,000
The Community Foundation of Shreveport-Bossier for the purpose of initiating activities in the Shreveport-Bossier area	5,000
The Urban Institute grant for the purpose of participating in the Nonprofit Data Template Project	2,000
New Ventures grant for support of the Louisiana Philanthropy Initiative	<u>100,000</u>
	<u>\$ 235,024</u>

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

7. Temporarily restricted net assets

Activity in temporarily restricted net assets during the year ended December 31, 2004, was as follows:

	Temporarily Restricted Net Assets at December 31, <u>2003</u>	Temporarily Restricted Funds Received During the Year Ended December 31, <u>2004</u>	Net Assets Released From Restriction During the Year Ended December 31, <u>2004</u>	Temporarily Restricted Net Assets at December 31, <u>2004</u>
German Protestant Orphan Asylum Association Foundation (GPOA) Grant for the purpose of Standards of Excellence training for GPOA members	\$ 8,330	\$ 10,000	\$ 18,330	\$ -
Huey and Angelina Wilson grant for for the Standards of Excellence training	-	15,250	4,782	10,468
Community fund for Shreveport - Bossier grant for the purpose of initiating activities in the area	-	15,000	-	15,000
New Ventures grant for support of the Louisiana Philanthropy Initiative	-	100,000	100,000	-
The Department of Economic Development grant for the purpose of strengthening the capacity of nonprofit organizations	-	45,000	-	45,000

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

7. Temporarily restricted net assets (continued)

Activity in temporarily restricted net assets during the year ended December 31, 2004, was as follows (continued):

	Temporarily Restricted Net Assets at December 31, 2003	Temporarily Restricted Funds Received During the Year Ended December 31, 2004	Net Assets Released From Restriction During the Year Ended December 31, 2004	Temporarily Restricted Net Assets at December 31, 2004
Office of Community Service for the Compassion Capital Fund Demonstration Program	\$ -	\$ 427,052	\$ 427,052	\$ -
Department of Education contract for the Standards of Excellence training	-	36,000	36,000	-
Pennington Foundation grant for the Standards of Excellence training	25,000	15,000	40,000	-
Independent Sector-White Paper Public Policy grant for the purpose of philanthropy events	3,000	-	3,000	-
Baton Rouge Area Foundation Grant for the purpose of the Standards of Excellence training	14,524	8,000	22,524	-
Other	-	13,330	13,330	-
	<u>\$ 50,854</u>	<u>\$ 684,632</u>	<u>\$ 665,018</u>	<u>\$ 70,468</u>

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

7. Temporarily restricted net assets (continued)

Activity in temporarily restricted net assets during the year ended December 31, 2003, was as follows:

	Temporarily Restricted Net Assets at December 31, 2002	Temporarily Restricted Funds Received During the Year Ended December 31, 2003	Net Assets Released From Restriction During the Year Ended December 31, 2003	Temporarily Restricted Net Assets at December 31, 2003
Mary Reynolds Babcock Foundation grant for the organization of development activities	\$ -	\$ 10,000	\$ 10,000	\$ -
German Protestant Orphan Asylum Association Foundation (GPOA) Grant for the purpose of Standards of Excellence training for GPOA members	5,400	10,000	7,070	8,330
Building Capacity for Public Policy Project Grant for the purpose of training on public policy	10,920	-	10,920	-
Foundation for the Mid South grant for the purpose of providing scholarships	1,572	-	1,572	-
Maryland Association of Nonprofit Organizations grant for the development of LANO Standards of Excellence	26,986	-	26,986	-
New Ventures grant for support of the Louisiana Philanthropy Initiative	-	100,000	100,000	-
The Urban Institute grant for the purpose of participating in the Nonprofit Data Template Project	-	2,000	2,000	-

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

7. Temporarily restricted net assets (continued)

Activity in temporarily restricted net assets during the year ended December 31, 2003, was as follows (continued):

	Temporarily Restricted Net Assets at December 31, 2002	Temporarily Restricted Funds Received During the Year Ended December 31, 2003	Net Assets Released From Restriction During the Year Ended December 31, 2003	Temporarily Restricted Net Assets at December 31, 2003
Office of Community Service for the Compassion Capital Fund Demonstration Program	\$ -	\$ 24,000	\$ 24,000	\$ -
Department of Education contract for the Standards of Excellence training	-	12,000	12,000	-
Pennington Foundation grant for the Standards of Excellence training	-	25,000	-	25,000
Independent Sector-White Paper Public Policy grant for the purpose of philanthropy events	-	3,000	-	3,000
Wilson grant for the Standards of Excellence	-	10,000	10,000	-
The Community Foundation of Shreveport-Bossier for the purpose of initiating activities in that area	-	5,000	5,000	-
Baton Rouge Area Foundation Grant for the purpose of the Standards of Excellence training	-	40,000	25,476	14,524
	<u>\$ 44,878</u>	<u>\$ 241,000</u>	<u>\$ 235,024</u>	<u>\$ 50,854</u>

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

8. Directors' and Officers' Insurance

The Organization has negotiated lower rates for directors' and officers' insurance for the benefit of its members. As a part of the negotiated rates, the members remit their premiums to the Organization who remits these amounts to the insurance carrier. The total amount of premiums processed through the Organization was approximately \$89,500 and \$68,000 for the years ended December 31, 2004 and 2003, respectively. For each policy that is processed, LANO receives a \$35 administration fee that is reported as income. These revenues totaled \$2,800, representing 80 policies, and \$2,625, representing 75 policies, for the years ended December 31, 2004 and 2003, respectively.

9. Line-of-credit

During the year ended December 31, 2004, the Organization obtained a \$25,000 operating line-of-credit at a local financial institution with an annual interest rate of 2.90%. There was not an outstanding balance on this line-of-credit as of December 31, 2004.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2004

A. Summary of audit results:

- (1) The independent auditors' report expressed an unqualified opinion on the financial statements of the Louisiana Association of Nonprofit Organizations, Inc. as of and for the year ended December 31, 2004.
- (2) No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- (3) One instance of noncompliance material to the financial statements of the Louisiana Association of Nonprofit Organizations, Inc. is reported at section B-1 in this schedule.

B. Noncompliance findings:

(1) Reporting deadline

Criteria - Louisiana Revised Statute 24:513 requires all quasi-public entities to complete an audit of the entity's financial statements and transmit the audited financial statements to the Legislative Auditor within six months of the close of the entity's fiscal year.

Condition - the Louisiana Association of Nonprofit Organizations, Inc. did not submit its annual audited financial statements to the Legislative Auditor by June 30, 2005, which is six months after the close of its fiscal year ended December 31, 2004.

Effect - the organization is not in compliance with the Louisiana Revised Statute 24:513.

Recommendation - the organization should schedule future audits in such a manner that it will be able to comply with the Louisiana Revised Statute 24:513.

Management's response - the board of directors and management of the Louisiana Association of Nonprofit Organizations, Inc. are committed to meeting the deadline of June 30, 2006 for its December 31, 2005 audit and have already held preliminary scheduling discussions with our audit firm.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2003

A. Findings – financial statement audit:

(1) None



Louisiana Association of Nonprofit Organizations

August 11, 2005

Memorandum

To: Stephen J. Theriot
Legislative Auditor

From: Melissa S. Flournoy, Ph.D.
LANO President and CEO

Re: Louisiana Association of Nonprofit Organizations (LANO)
Submission of 2004 Audit

Attached for your review is the 2004 Audit for the Louisiana Association of Nonprofit Organizations (LANO). Postlethwaite and Netterville conducted the audit for LANO, which was completed on July 11, 2005 and approved by the LANO Board of Directors on August 10, 2005.

Unfortunately, LANO had one compliance finding for late filing of the audit with the Legislative Auditor. The LANO fiscal year is January to December. Since LANO received in excess of \$25,000, LANO should have submitted the audit to your office by June 30, 2005.

Over the last several years, LANO has scheduled the audit to be conducted in the late spring after tax season. Given the scheduling of the audit and favorable pricing by Postlethwaite and Netterville, LANO was unable to meet the deadline of June 30, 2005 this year. In fact, the auditor did not inform us of this deadline until the middle of June as they completed their field work. The audit was not completed until late July and presented to the LANO board on August 10, 2005.

Please accept this letter and the copy of the 2004 Audit in compliance with our contractual relationship with the state. The LANO Audit Committee and Board of Directors recognizes that we should have planned to address this issue earlier. We have renegotiated our timeline for completing the 2005 audit to insure that we will be in compliance with all applicable state and federal filing deadlines.

For 2005 fiscal year, LANO will complete an A-133 single compliance audit since we have increased our state and federal funds over the \$500,000 threshold. LANO is working very hard to raise the standards for nonprofit organizations. We are committed to operating with the highest ethical standards, a transparent accountability structure and fulfilling all regulatory expectations.

If you require additional information, please contact me on 225.343.5266. Thank you for your leadership in the Legislative Auditor's office.